

MICHIGAN ECONOMIC INDICATORS

A newsletter on key economic indicators prepared by the Senate Fiscal Agency.

ECONOMIC HIGHLIGHTS



- The **U.S. Consumer Price Index (CPI)** posted a rare decline in November, falling 0.8% (an annual rate of 6.4%) as a result of declines in energy prices. The November decline was the largest decline since July 1949, while the 8.0% decline in the index of energy prices was the largest decline in that measure. Despite the overall decline in the index, most other components were higher than in October and some, such as medical care and food, showed their strongest growth in more than a year.
- Although **motor vehicle sales** improved from October levels, reversing three months of declines, November sales remained depressed in the wake of last summer's incentives. Sales of domestically produced light trucks, the focal point of weak sales in recent months, rose 12.0% in November from the October level, but were still 12.0% below year-ago levels.
- The final estimate for **inflation-adjusted Gross Domestic Product (GDP)** indicated an annual growth rate of 4.1% in the third quarter of 2005, compared with the revised estimate of 4.3% and growth of 3.3% during the second quarter. The downward revision primarily reflected downward revisions in consumption of durable goods that dominated an upward revision in export growth. The third quarter's stronger growth, compared with the second quarter, reflected faster growth in consumption, particularly for services and motor vehicles.
- November **housing starts** remained near record levels after growing 5.3% from October and were 17.5% above the year-ago level. The increase reflected gains in the Northeast, Midwest and West that more than offset declines in the South. The largest gains were in the West, where starts were 21.6% above year-ago levels, and the Midwest, where starts were 22.5% higher.



- During November **average weekly earnings** in Michigan were below year-ago levels in most sectors. Most manufacturing sectors saw average hours fall while average weekly earnings fell at an even greater rate, largely due to reduced overtime. Several service sectors reported increases in average weekly hours but declines in average weekly earnings. The information sector posted the best performance, with average weekly earnings rising 13.8% above the year-ago level.
- Michigan **motor vehicle production** declined from the previous month for a second month in November and was 13.3% below the level in November 2004. Automobile production was 10.4% above the level one year ago, while light truck production was down 30.3%.
- **Michigan gross state product (GSP)** grew 3.5% in 2004 from the 2003 level, the slowest rate of growth among the 50 states and the District of Columbia. Nebraska ranked 50th, with 4.3% growth, while Nevada ranked first, at 11.8% growth. The slowest growing sectors in Michigan were manufacturing (2.4%), and retail trade, professional/technical services, and arts/entertainment/recreation (1.6% each), while information (8.9%), mining (7.0%), and educational services (6.1%, excluding public schools) were the fastest growing sectors.



NOVEMBER 2005

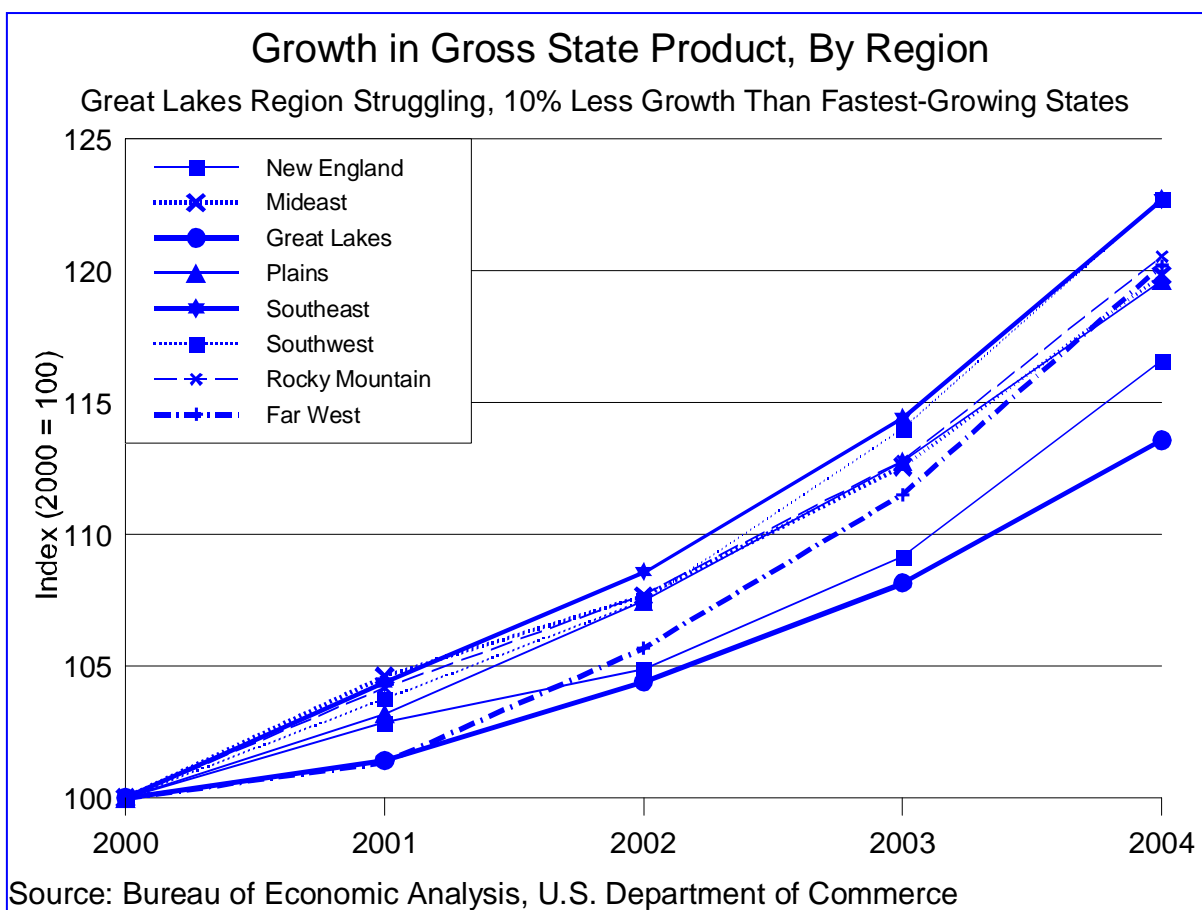
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U.S. & MICHIGAN LABOR MARKET NEWS
(Seasonally adjusted, thousands)

U.S.	Nov. 2005	Oct. 2005	Nov. 2004	<u>Change from Oct.</u>		<u>Change from Year Ago</u>	
				Number	Percent	Number	Percent
Labor Force	150,183	150,043	148,250	140	0.1%	1,933	1.3%
Employment	142,611	142,625	140,276	(14)	(0.0)	2,335	1.7
Unemployment	7,572	7,418	7,974	154	2.1	(402)	(5.0)
Unemployment Rate	5.0%	4.9%	5.4%	---	---	---	---

Michigan	Nov. 2005	Oct. 2005	Nov. 2004	<u>Change from Oct.</u>		<u>Change from Year Ago</u>	
				Number	Percent	Number	Percent
Labor Force	5,135	5,101	5,098	34	0.7%	37	0.7%
Employment	4,798	4,792	4,721	6	0.1	77	1.6
Unemployment	337	309	377	28	9.1	(40)	(10.5)
Unemployment Rate	6.6%	6.1%	7.4%	---	---	---	---

Source: Bureau of Labor Statistics, U.S. Department of Labor



MICHIGAN WAGE AND SALARY EMPLOYMENT (Seasonally adjusted, thousands)							
	Nov. 2005*	Oct. 2005	Nov. 2004	<u>Change from Oct.</u>		<u>Change from Yr Ago</u>	
				Number	Percent	Number	Percent
Total Nonagricultural Jobs	4,355	4,349	4,390	6	0%	(35)	(1)%
Goods Producing Industries	867	867	883	1	0	(16)	(2)
Natural Resources & Mining	8	8	8	0	1	0	5
Construction	188	188	190	0	0	(2)	(1)
Manufacturing	671	671	685	0	0	(14)	(2)
Transportation Equipment	238	238	247	0	0	(9)	(4)
Service Producing Industries	3,487	3,482	3,507	5	0	(19)	(1)
Trade, Transportation & Utilities	800	798	808	2	0	(8)	(1)
Information	64	64	67	0	0	(3)	(4)
Financial Activities	219	219	219	(1)	(0)	0	0
Professional & Business Services	586	587	587	(1)	(0)	(1)	(0)
Education & Health Services	556	556	554	0	0	2	0
Leisure & Hospitality Services	408	406	404	2	0	4	1
Other Services	181	181	178	0	0	3	1
Government	673	671	689	2	0	(16)	(2)

Source: Bureau of Labor Statistics, U.S. Department of Labor * Preliminary

MICHIGAN AVERAGE WEEKLY HOURS AND EARNINGS						
Industry	<u>Average Weekly Hours</u>			<u>Average Weekly Earnings</u>		
	Nov. 2005	Year Ago	Percent Change	Nov. 2005	Year Ago	Percent Change
Construction	38.8	38.8	0.0%	856.70	856.32	0.0%
Manufacturing	42.1	43.0	(2.1)	906.83	932.67	(2.8)
Durable Goods	42.8	43.8	(2.3)	991.68	1,017.04	(2.5)
Motor Vehicle Manufacturing	43.5	45.7	(4.8)	1,343.72	1,437.72	(6.5)
Motor Vehicle Parts Manufacturing	43.7	45.0	(2.9)	1,244.58	1,253.25	(0.7)
Nondurable Goods	39.3	39.5	(0.5)	589.89	594.87	(0.8)
Wholesale Trade	38.5	36.7	4.9	734.97	696.93	5.5
Retail Trade	28.6	29.2	(2.1)	350.64	329.96	6.3
Grocery Stores	26.3	24.6	6.9	208.30	217.96	(4.4)
General Merchandise Stores	29.2	28.8	1.4	299.59	294.34	1.8
Information	35.1	35.8	(2.0)	702.35	617.19	13.8
Financial Activities	34.4	33.0	4.2	603.03	543.51	11.0
Prof. & Business Services	34.1	34.8	(2.0)	619.94	610.74	1.5
Health Care & Social Assistance	32.4	35.3	(8.2)	537.84	538.33	(0.1)
Leisure & Hospitality	22.5	22.7	(0.9)	188.55	183.42	2.8
Auto. Repair & Maintenance	34.9	34.5	1.2	525.59	534.75	(1.7)
Personal & Laundry Services	26.3	25.3	4.0	294.56	317.26	(7.2)

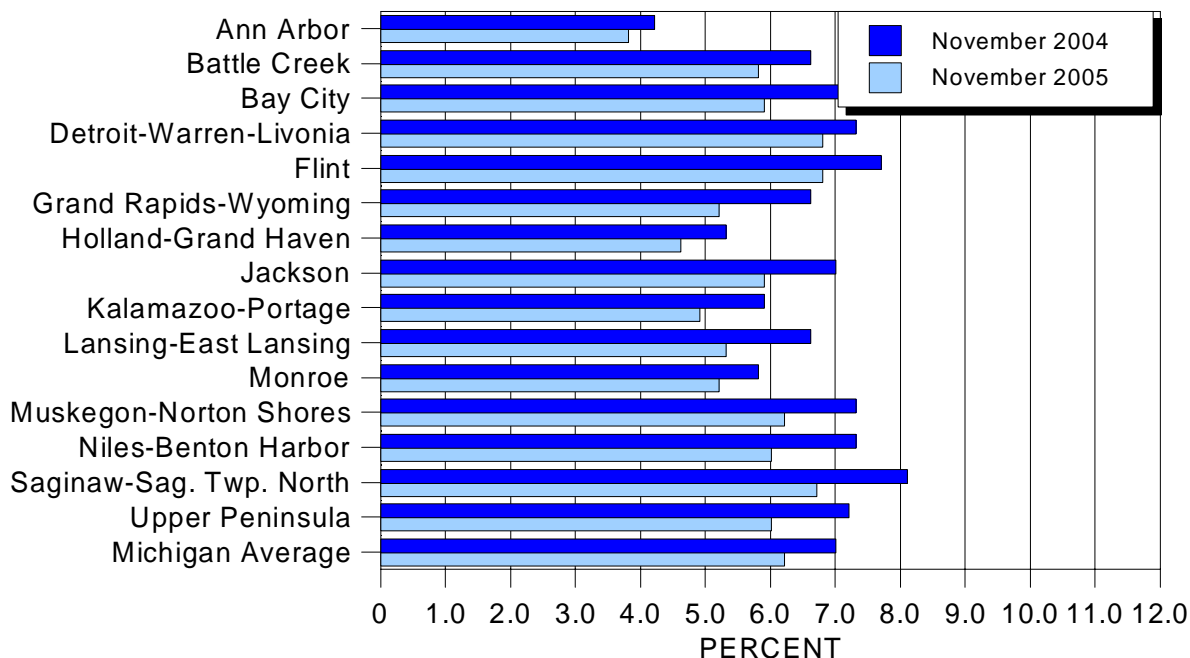
Source: Bureau of Labor Statistics, U.S. Department of Labor

**MICHIGAN UNEMPLOYMENT RATES
BY SELECTED METROPOLITAN AREAS AND MULTI-COUNTY AREAS
(Not Adjusted for Seasonal Variations)**

	Nov. 2005*	Oct. 2005	Sept. 2005	Nov. 2004
Metropolitan Statistical Areas				
Ann Arbor	3.8%	3.3%	4.1%	4.2%
Battle Creek	5.8	5.1	6.0	6.6
Bay City	5.9	5.1	5.9	7.1
Detroit-Warren-Livonia	6.8	6.0	6.4	7.3
Flint	6.8	6.0	7.0	7.7
Grand Rapids-Wyoming	5.2	4.7	5.4	6.6
Holland-Grand Haven	4.6	4.0	4.6	5.3
Jackson	5.9	5.2	6.0	7.0
Kalamazoo-Portage	4.9	4.3	5.0	5.9
Lansing-East Lansing	5.3	4.7	5.5	6.6
Monroe	5.2	4.7	5.6	5.8
Muskegon-Norton Shores	6.2	5.6	6.1	7.3
Niles-Benton Harbor	6.0	5.3	6.2	7.3
Saginaw-Saginaw Twp North	6.7	5.9	6.9	8.1
Multi-County Areas				
Northeast Lower Michigan	7.4	5.4	5.9	8.9
Northwest Lower Michigan	6.1	4.7	5.2	7.2
Upper Peninsula	6.0	4.5	5.2	7.2
Michigan Statewide Average				
-- Unadjusted (comparable to figures shown above)	6.2	5.3	6.0	7.0
Source: Michigan Department of Labor and Economic Growth				*Preliminary

Michigan Regional Unemployment Rates

November 2004 and November 2005

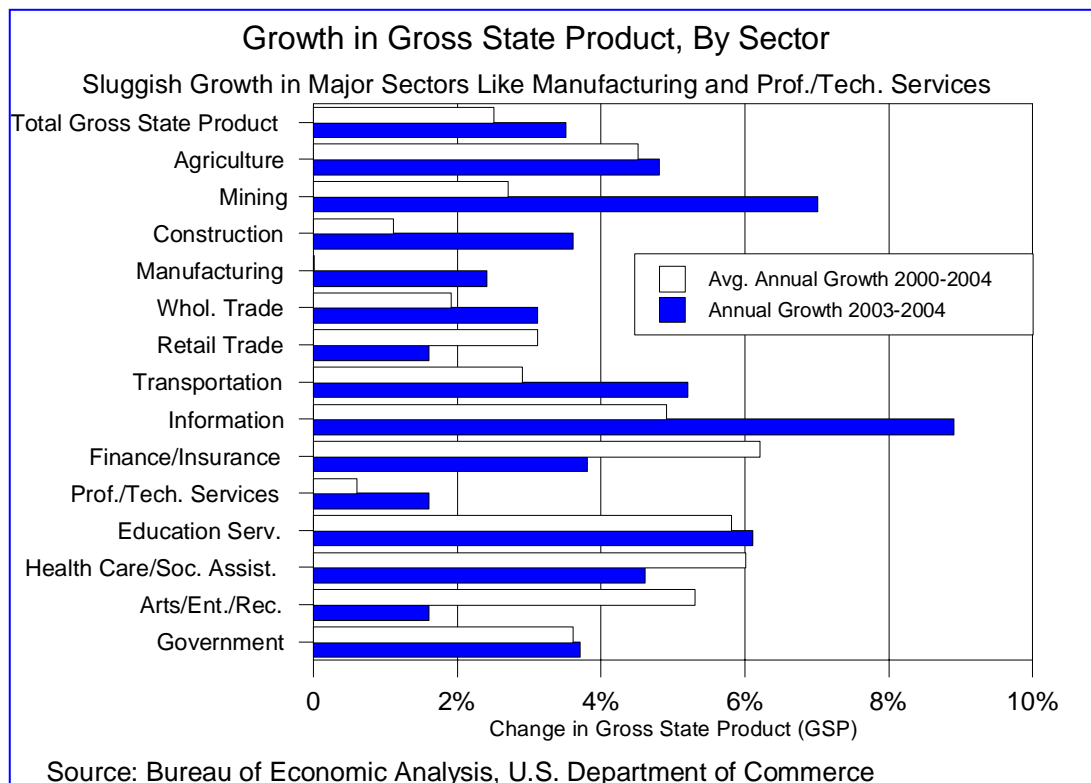


Source: Michigan Department of Labor and Economic Growth

**MOTOR VEHICLE SALES AND PRODUCTION STATISTICS
(Thousands of Units)**

	Nov. 2005	Oct. 2005	Sept. 2005	Aug. 2005	Year Ago Nov.	Percent Change From:	
						Nov./Oct.	Nov. 2005/ Nov. 2004
Motor Vehicle Sales^{1,2)} (thousands of units, SAAR)							
Autos	7,572	7,325	7,990	7,783	7,434	3.4%	1.9%
Domestics	5,522	5,189	5,734	5,592	5,209	6.4	6.0
Imports	2,050	2,136	2,256	2,191	2,225	(4.0)	(7.9)
Import Share	27.1%	29.2%	28.2%	28.2%	29.9%	---	---
Light Trucks	8,126	7,374	8,352	8,968	9,178	10.2	(11.5)
Domestics	6,985	6,237	7,267	7,762	7,937	12.0	(12.0)
Imports	1,141	1,137	1,085	1,206	1,241	0.4	(8.1)
Import Share	14.0%	15.4%	13.0%	13.4%	13.5%	---	---
Heavy Trucks	512	489	501	488	458	4.7	11.8
Total	16,210	15,188	16,843	17,239	17,070	6.7	(5.0)
U.S. Motor Vehicle Production^{1,2)} (millions of units, SAAR)							
Autos	4,438	4,400	4,356	4,292	4,124	0.8	7.6
Michigan Motor Vehicle Production^{2,3)} (thousands of units, SAAR)							
Autos	1,153	1,111	1,146	1,166	1,045	3.8	10.4
Trucks	1,016	1,077	1,449	1,101	1,457	(5.7)	(30.3)
Total	2,169	2,188	2,595	2,267	2,502	(0.9)	(13.3)
Michigan Production as % of U.S.	19.0%	18.8%	17.8%	17.8%	21.7%	---	---
U.S. Motor Vehicle Inventories⁴⁾							
Total Car	1,333	1,233	1,146	1,162	1,620	8.2	(17.7)
Days Supply	59	54	42	42	73	9.3	(19.2)
Total Truck	2,294	2,150	1,948	1,794	2,409	6.7	(4.8)
Days Supply	96	100	74	61	87	(4.0)	10.3

Sources: 1) U.S. Department of Commerce, Bureau of Economic Analysis. 2) SAAR = Seasonally Adjusted at Annual Rates. 3) Michigan Department of Treasury, Office of Revenue and Tax Analysis and the Senate Fiscal Agency. 4) Automotive News, Crain Communications, Inc. (ending inventory)



OTHER KEY ECONOMIC INDICATORS

Variable	Latest Period	Actual Data			Percent Chng From	
		Latest Period	Previous Period	Year Ago	Previous Period*	Year Ago
Weekly Leading Index , monthly ¹⁾ (1992=100)	Nov	134.6	134.2	132.1	0.3%	1.9%
Coincident Index ¹⁾ (1992=100)	Nov	147.7	147.4	144.0	0.2	2.6
Housing Starts, U.S. ²⁾ (thousands of units, SAAR)	Nov	2,123	2,017	1,807	5.3	17.5
Retail Sales, U.S. ²⁾ (billions, seasonally adjusted)	Nov	\$318.9	\$318.3	\$300.7	0.2	6.1
Industrial Production Index 3) (1997=100, seasonally adjusted)	Nov	109.0	108.2	106.0	0.7	2.8
Capacity Utilization ³⁾ (% of total capacity, seasonally adjusted)	Nov	80.2	79.8	79.3	0.5	1.1
Consumer Price Index ⁴⁾ (1982-84=100)						
U.S. (seasonally adjusted)	Nov	197.8	198.9	191.2	(6.4)	3.5
Detroit (not seasonally adjusted)	Oct	195.1	192.2	187.6	9.4	4.0
Interest Rates						
3-month Treasury Bill ³⁾	Nov	3.90%	3.70%	2.06%	---	---
Corporate Aaa Bonds ³⁾	Nov	5.42%	5.35%	5.52%	---	---
Real Gross Domestic Product ⁵⁾ (billions of 2000 \$, SAAR, Chain-Weighted)	2005 3rd Qtr.	\$11,202.3	\$11,089.2	\$10,808.9	4.1	3.6
Michigan Tax Collections ⁶⁾ (12 major taxes, millions)	Nov 2005	\$1,687.0	\$2,591.9	\$1,816.8	NM	(7.1)

SAAR = Seasonally Adjusted at Annual Rates. NM = Not Meaningful.
Revenue data vary greatly from month-to-month due to timing and other noneconomic factors.
*Note: Percent changes from previous period for CPI and GDP at annual rate.

Sources: 1) Economic Cycle Research Institute 2) U.S. Department of Commerce, Bureau of the Census. 3) Board of Governors of the Federal Reserve System. 4) U.S. Department of Labor, Bureau of Labor Statistics. 5) U.S. Department of Commerce, Bureau of Economic Analysis. 6) Michigan Department of Treasury and the Senate Fiscal Agency.

